

Document #4690C

12/5/85

BOSTON REDEVELOPMENT AUTHORITY

Doc # 4690C

Second Amendment to the Report and Decision on the Application of TDC & Associates for Authorization and Approval of a Project under Massachusetts General Laws Chapter 121A, as amended, and Chapter 652 of the Acts of 1960, to be undertaken and carried out by a Massachusetts Limited Partnership and Approval to Act as an Urban Redevelopment Corporation under said Chapter 121A.

On June 28, 1973, the Authority voted to adopt a Report and Decision on the Application of TDC & Associates for approval for an Urban Redevelopment Project pursuant to Massachusetts General Laws Chapter 121A, as amended, and Chapter 652 of the Acts of 1960. The Proposal called for the rehabilitation of thirty-six (36) buildings in the South End of Boston and the provision therein of subsidized rental housing for low-income families.

Thereafter on January 17, 1974, a First Amendment to the Report and Decision was approved by a vote of the Authority.

On November 21, 1985, the Applicant submitted a request to amend their project approval as follows:

1. The Applicant has requested the Consent of the Authority to transfer the Project to the Tenants Development Corporation, a Massachusetts non-profit corporation. If the requested transfer is approved by the Authority, the Applicant shall make a charitable contribution of the Project to the Tenants Development Corporation.
2. The Applicant has requested the Consent of the Authority to a subsequent sale of the Project by the Tenants Development Corporation to SETH II Limited Partnership, a Massachusetts limited partnership. The sole general partner of SETH II Limited Partnership shall be TDC Management, Inc., a Massachusetts corporation, the capital stock of which is held by Tenants Development Corporation.
3. The sale of the Project by the Tenants Development Corporation to SETH II Limited Partnership shall modify the financial information contained in the (original) Application. The sale price of the Project to be paid by SETH II Limited Partnership to the Tenants Development Corporation is \$7,283,628. This sum shall be paid by SETH II Limited Partnership by accepting title to the Project subject to the balance of \$3,690,912 outstanding on the present first mortgage held by the Northeast Savings Bank, with the balance of the sale price being met by the delivery to the Tenants Development Corporation of a

purchase money note in the sum of \$3,592,716. Interest shall accrue on this note at the rate of 14.25% per annum, compounded annually. Interest and principal on the note shall be due in fifteen years.

4. The sale of the Project shall enable capital to be raised to finance improvements to the Project. As a condition to its approval of the proposed transfer of the Project, the mortgage insurer, the U.S. Department of Housing and Urban Development ("HUD"), required the new owner of the Project to undertake and pay for repairs and improvements to the Project. These items, each of which are items of deferred maintenance, shall have no adverse effect upon the environment nor shall they require the relocation of any tenants of the Project.
5. The proposed transfers and the improvements to the Project to be undertaken by the new owners shall have no adverse impact upon the tenants, upon tenant rents, or upon the Project. The Project will continue to be regulated by HUD through the year 2015.

The proposed transfers have met with the approval of the Boston Redevelopment Authority staff. The proposed transfers do not represent a fundamental change to the Project. The new owners shall have the financial resources to operate the Project and to meet the duties imposed by Chapter 121A and St. 1960, Chapter 652.

Tenants Development Corporation is comprised of members and directors who are tenants of the Project. This corporation is the general partner of the present owner of the Project, TDC & Associates, and it shall continue to control the operation of the Project through its subsidiary TDC Management, Inc., the general partner of SETH II Limited Partnership. By virtue of the continuing role of the Tenants Development Corporation with regard to the Project, no change in the operation or management of the Project will result from the proposed transfers. The proposed transfers shall enable equity in the Project to be realized in order to fund the repair of items of deferred maintenance in the Project.

Based upon the foregoing, the Authority hereby approves this "Second Amendment to the Report and Decision on the Application of TDC & Associates for Authorization and Approval of a Project under Massachusetts General Laws Chapter 121A, as amended, and Chapter 652 of the Acts of 1960, to be undertaken and carried out by a Massachusetts Limited Partnership and Approval to Act as an Urban Redevelopment Corporation under said Chapter 121A" and hereby consents to the Second Amendment to the Application and Report and Decision thereon as set forth herein and to an Assignment and Assumption Agreement attached as an Exhibit thereto.

TDC
4690C

Dac. #

APPLICATION FOR CONSENT TO TRANSFER A PROJECT PURSUANT TO
GENERAL LAWS CHAPTER 121A SECTION 11
AND TO ACQUIRE A PROJECT PURSUANT TO
GENERAL LAWS CHAPTER 121A SECTION 18C,
AND PURSUANT TO ST. 1960, CHAPTER 652, ALL AS AMENDED

1. TDC & Associates, a Massachusetts limited partnership (the "Seller") and SETH II Limited Partnership, also a Massachusetts limited partnership and Tenants Development Corporation, a Massachusetts nonprofit corporation (together the "Buyers"), (collectively each of the above entities are referred to as the "Applicant") hereby apply to the Boston Redevelopment Authority (the "Authority") pursuant to the provisions of G.L. c. 121A, sec. 11 and 18C, as amended, pursuant to St. 1960, Chapter 652, and pursuant to those rules and regulations of the Authority as may be applicable hereto, for consent of the Authority to the transfer of a project (the "Project") known as South End Tenants Houses II which project has previously been duly authorized and approved by the Authority and which has been developed and operated in accordance with G.L. c. 121A and St. 1960, Chapter 652.

2. The address of each of the Applicants is as follows:

Seller: 663 Massachusetts Avenue
Boston, MA 02118

Buyer: 663 Massachusetts Avenue
Boston, MA 02118

Buyer: 663 Massachusetts Avenue
Boston, MA 02118

Notices and requests by the Authority with regard to this Application should be directed to:

Daniel Broderick, Esq.
15 New Chardon Street
Boston, MA 02114
cc: Greater Boston Community Development, Inc.
79 Milk Street
Boston, MA 02109

3. The Project is situated in thirty-six (36) buildings located in the South End in the City of Boston, a metes and bounds description of which is attached hereto as Exhibit A (the "Project Area"). The construction of the Project was completed in 1974. The Project consists of 185 units of rental housing units together with appurtenant community space, parking and related improvements.

4. The Authority approved the Project pursuant to the provisions of Chapter 121A and St. 1960, Chapter 652, and thereafter by agreement dated 1/31/74 the Seller and the Authority entered into a regulatory agreement (the "Regulatory Agreement") as required by Chapter 121A, a copy of which is attached hereto as Exhibit B.

5. The City of Boston approved the Project pursuant to the provisions of Chapter 121A on July 12, 1973, and thereafter the Seller and the City of Boston entered into a contract as required by Section 6A of Chapter 121A, a copy of which is attached hereto as Exhibit C.

6. The Seller proposes and hereby requests the Consent of the Authority to the transfer of the Project to Tenants Development Corporation. It is intended that the Seller shall make a charitable contribution of the Project and therefore the consideration for this proposed transfer would be zero.

7. Following the transfer of the Project by the Seller to Tenants Development Corporation, Tenants Development Corporation proposes to transfer the Project to SETH II Limited Partnership. The consideration for this sale shall equal \$7,283,628, of which approximately \$3,690,912 shall be met by assumption of the present first mortgage held by Northeast Savings Bank, and \$3,592,716 shall be met by a promissory note to be given to Tenants Development Corporation.

8. The general partner of SETH II Limited Partnership shall be TDC Management, Inc., a Massachusetts business corporation, the stock of which shall be held by Tenants Development Corporation.

9. SETH II Limited Partnership proposes to raise capital in the approximate sum of \$3,286,486. Such funds shall be applied to Project improvements (\$400,000), through deposits into Project reserve accounts as required by HUD with the balance to pay sums due under the promissory note given to Tenants Development Corporation.

10. It is not proposed that by reason of these transfers that there be any changes in the plan for the Project as authorized and approved by the Authority. Therefore the transfers will not alter the Project boundaries, or affect the objectives, standards, requirements and restrictions as to use, construction and design as previously approved by the Authority, or the obligations and duties to be performed and carried out with respect to the Project.

11. The Project has been constructed and it is not proposed that there be any change in it. Therefore these transfers will have no effect upon the environment.

12. It is expected that the proposed transfers of the Project will be consummated within six (6) months after the final approval by the Authority of this Application.

13. It is intended that the SETH II Limited Partnership succeed to all of the obligations and rights of the Seller under the contract with the City of Boston arising after transfer of title to the Project and be substituted for the Seller from that time forward in every way relating to the Project. The form of an Agreement with the City evidencing such succession and substitution is submitted herewith as Exhibit D.

14. Submitted with this Application as Exhibit E is a copy of the most recent audited Financial Statement of TDC & Associates. As shown therein, TDC & Associates and the Project, as of the end of last year, were in good financial condition. This Statement, together with the value of the junior financing which the Tenants Development Corporation shall hold, as well as the successful sponsorship of the Project originally, including the carrying out and maintenance of the Project to date as the general partner of the Seller, demonstrates that SETH II Limited Partnership and its general partner, TDC Management, Inc., a subsidiary of Tenants Development Corporation, has the requisite financial and management ability to perform the obligations and carry out the duties imposed by G.L. c. 121A and St. 1960, Chapter 652 with respect to the Project.

15. Submitted with this Application as Exhibit F is a Regulatory Agreement signed on behalf of the SETH II Limited Partnership as required by Chapter 121A and St. 1960, Ch. 652.

16. Based upon the foregoing recitals and agreements, the Applicant respectfully requests that the Authority a) conclude that the transactions for which the approval of the Authority is sought do not constitute "fundamental" changes to the Project and b) that the Authority consent to the above-described transfers of the Project together with the transfer all of the rights, privileges, benefits, exemptions and duties of the Seller to SETH II Limited Partnership.

The Seller:

TDC & Associates

By: Tenants Development
Corporation
Its general partner

By: Deborah Campbell

The Buyer:

Tenants Development Corporation

By: Deborah Campbell

The Buyer:

SETH II
Limited Partnership

By: TDC Management Inc.
Its general partner

By: Deborah Campbell

Commonwealth of Massachusetts

Suffolk, ss

12/4, 1985

Then personally appeared before me the above-named
Deborah Campbell H. P. Jones, President, aforesaid and
under oath acknowledged that the statements in the foregoing
Application are true to the best of her knowledge and belief.


Notary Public

My Commission Expires: 6/1/90

Exhibit A - Property Description

Exhibit B - Regulatory Agreement

Exhibit C - 6A Contract

Exhibit D - Assignment and Assumption Agreement

Exhibit E - Financial Statement

Exhibit F - New Regulatory Agreement

The following described parcels of land, with the building(s) and other improvements thereon, situated in Boston, Suffolk County, Massachusetts, said parcels having the street address(es) and being more particularly described as follows:

1. RD-38 545 Massachusetts Avenue
2. RD-38 547 Massachusetts Avenue
3. RD-41 23 Wellington Street
4. RD-42 115 West Newton Street
5. RD-44 96 West Springfield Street
6. RD-47 5 Bradlock Park
7. RD-48 506 Columbus Avenue
8. RD-49 24 East Springfield Street
9. RD-50 403 Massachusetts Avenue
10. RD-51 407 Massachusetts Avenue
11. RD-52 419 Massachusetts Avenue
12. RD-53 423 Massachusetts Avenue
13. RD-54 573 Massachusetts Avenue
14. RD-54 573 Massachusetts Avenue
15. RD-54 573 Massachusetts Avenue
16. RD-55 553 Massachusetts Avenue
17. RD-56 560 Massachusetts Avenue
18. RD-58 663 Massachusetts Avenue
19. RD-59 29 Rutland Street
20. RD-69 57 Worcester Street
21. RD-72 405 Massachusetts Avenue
22. RD-73 421 Massachusetts Avenue
23. RD-74 425 Massachusetts Avenue
24. RD-75 401 Massachusetts Avenue
25. RR-69 30 Greenwich Park
26. RR-83 612 Massachusetts Avenue
27. RR-84 623 Massachusetts Avenue
28. RR-85 627 Massachusetts Avenue
29. RR-86 127 West Concord Street
30. RR-88 213 West Newton Street
31. RR-90 32 Greenwich Park
32. RR-91 139 Pembroke Street
33. RR-98 692 Massachusetts Avenue
34. RR-99 696 Massachusetts Avenue
35. PB-13b 32 Worcester Street
36. SE-8 84 Worcester Street

TO BE RETURNED TO TDC

Re: 395-397, 400 and 588
Massachusetts Avenue, Boston

Dear Mr. Coyle:

We are/I am writing in support of the Tenants' Development Corporation's proposal to develop properties at 395-397, 400 and 588 Massachusetts Avenue in Boston's South End.

Rapid development has occurred in the area as a result of private developers, real estate land speculation, and condominium conversion. Low and middle-income residents are being forced out of the South End. TDC, as a non-profit, community-based organization, is committed to providing affordable housing for a mixture of income groups. TDC should be encouraged and support in its efforts to provide affordable housing.

Again, we/I cannot emphasize enough the need for TDC, to be allowed to proceed with the proposal as the proposal addresses the housing needs for all income groups.

Sincerely,

AGREEMENT BETWEEN THE CITY OF BOSTON

AND

T.D.C. & ASSOCIATES

UNDER G.L. C.121A, S.6A

AGREEMENT made this 27th day of October, 1976, by and between T.D.C. & Associates, a Massachusetts Limited Partnership organized under G.L. C.109; and the City of Boston, a municipal corporation of the Commonwealth of Massachusetts (the City), acting under G.L. C.121A, S.6A and every other power and authority hereto enabling.

WHEREAS, an application dated March 13, 1973 (the Application) was filed by T.D.C. & Associates with the Boston Redevelopment Authority (the Authority) under the provisions of G.L. C.121A, for approval of a project (the Project) involving rehabilitation of thirty-six buildings, the real estate comprising said project being more particularly described in the list of building addresses hereto annexed; and

WHEREAS, the Authority approved the Project by a vote on June 28, 1973 hereto annexed as Exhibit "A"; and

WHEREAS, the Mayor of the City of Boston approved the aforementioned vote of the Authority on July 12, 1973; and

WHEREAS, the Certificate of Vote of the Authority and the approval of the Mayor of the City of Boston was filed with the Office of the City Clerk on July 20, 1973; and

WHEREAS, a First Amendment to the Application was approved by a vote of the Boston Redevelopment Authority on January 17, 1974; and

WHEREAS, the Mayor of the City of Boston approved the vote of the Authority on said First Amendment on January 21, 1974; and

WHEREAS, the Certificate of Vote of the Authority and the approval of the Mayor of the City of Boston was filed with the Office of the City Clerk on February 5, 1974;

NOW, THEREFORE,

1. T.D.C. & Associates hereby agrees with the City as follows:

A. To carry out the Project by operating, and maintaining the same in accordance with the Application and the provisions of G.L.C. 121A, as now existing, and the rules and regulations setting minimum standards for the financing, construction, maintenance and management of the Project as set forth or referred to in the report and decision of the Boston Redevelopment Authority approving said Project, a copy of which is annexed to this Contract as Exhibit "B".

B. To pay to the Commonwealth of Massachusetts in each of the forty calendar years, with respect to the Project's corporate existence at any time within the preceding calendar year, an excise under G.L.C. 121A, S.10.

C. To pay to the City in each of the forty calendar years, with respect to its corporate existence at any time within the preceding calendar year, the amount, if any, by which seventeen percent (17%) of the gross income of the Project (the minuends) exceeds the excise prescribed by G.L.C. 121A, S.10. For purposes of this paragraph, gross income shall mean all income from whatever source derived, with the sole exclusion of any interest reduction payments pursuant to Section 236 of the National Housing Act. Payments by tenants of utility charges shall not be defined as income.

D. To file with the assessors within thirty (30) days of the end of each calendar year a statement of the income and expenses of the Project, and the construction cost, replacement cost, and book value of the Project for the preceding calendar year. An extension of fifteen (15) days for filing such statement may be granted for good cause shown.

E. To file with the assessors within ninety (90) days of the end of each calendar year an audited report by a Certified Public Accountant, consisting of a statement of profit and loss, a balance sheet, and a statement of receipts and disposition of funds for the preceding calendar year, and a certified copy of the Urban Redevelopment Excise Return as submitted to the Department of Corporation and Taxation.

F. To submit to the Commissioner of Assessing or his designated representative written authorization to examine all Urban Redevelopment Excise Returns and attachments thereto, which T.D.C. & Associates files with the Department of Corporations and Taxation.

G. To perform all of its obligations under a certain Regulatory Agreement made under the date of June 20, 1973 between T.D.C. & Associates and the Authority, pursuant to G.L.C. 121A, S.18C, which Agreement is incorporated herein by reference.

H. To make payments of any amounts, which may become due under the provisions described in paragraph 1-C, no later than fifteen days from the date on which the excise is due to the Commonwealth of Massachusetts.

2. The Assessing Department hereby determines for the purposes of the last paragraph of General Laws, Chapter 121A, Section 10 and shall certify to the State Tax Commission and to the owner annually pursuant to the second paragraph of Chapter 121A, Section 10, so long as this Contract is in effect a fair cash value of the Project which shall not exceed, but may be less than, the amount which will result in the annual excise tax under General Laws, Chapter 121A, Section 10, equal to the minuses hereinbefore prescribed in paragraph 1-C.

3. The obligations of the Partnership under this Contract are conditioned in all respects upon the issuance to them of all permissions, including without limiting the generality of the foregoing, the issuance by the Federal Housing Commissioner of an endorsement for insurance by said Commissioner of a Mortgage Note and execution of an Interest Reduction Contract under the provisions of Section 236 of the National Housing Act, and variances, permits, and licenses which may be required with respect to the construction, maintenance and management of the Project, as specified in the Application or reserved therein. The Partnership shall not be held in any way liable for delays which may occur in the construction, repair and maintenance of the Project, or otherwise, by reason of scarcity of materials or labor, labor difficulties, damage by fire or other casualty or any other cause beyond the Partnership's reasonable control.

4. The parties hereto agree that, without mutual consent, any amendment subsequent to the delivery of this Contract, of any of the provisions of said Chapter 121A of the General Laws or of the Minimum Standards now applicable to the Project shall not affect the Project.

5. If under the provisions of Section 236 of the National Housing Act, the Regulatory Agreement between the Partnership and the Federal Housing Administration or its successors and assigns is terminated, and the Partnership so requests, or if the Partnership proposes, acting either under the provisions of the last paragraph of Section 11 or under Section 16A of

said Chapter 121A, to transfer the Project to a different entity, the Partnership, upon such termination and transfer, shall be released from all obligations under this Contract and under said Chapter 121A and at the same time shall be divested of all powers, rights and privileges conferred by this Agreement and said Chapter 121A.

6. The provisions of this Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, except that nothing herein contained shall apply in the event a successor in interest elects option 3 under the provisions of Section 16A of said Chapter 121A as now in effect and that in case of a transfer or termination as contemplated by Section 5 of this Contract, the Partnership shall thereupon cease to be liable hereunder.

Executed as a Sealed Instrument the day and year first above mentioned.

Assented to:

T.D.C. & Associates

By B. J. Shadron
Commissioner Assesing

By Joseph M. Kelley
President

Approved as to City:

City of Boston

Herbert J. Flanagan
By _____

By William J. Flanagan
Mayor

EXHIBIT D

ASSIGNMENT AND ASSUMPTION AGREEMENT

WHEREAS, TDC & Associates, a Massachusetts Limited Partnership (the "Seller") is the owner of South End Tenants House, II (the "Project") located within thirty-six (36) buildings in the South End of Boston, MA; and

WHEREAS, the Seller wishes to transfer the Project to Tenants Development Corporation, a Massachusetts non-profit corporation (the "Buyer"); and

WHEREAS, following the transfer of the Project to the Buyer, the Buyer proposes to sell the Project to SETH II Limited Partnership, a Massachusetts Limited Partnership (the "Partnership"); and

WHEREAS, the Project was originally approved by and is currently subject to regulation by the City of Boston (the "City") pursuant to the provisions of G. L. Ch. 121A and a regulatory agreement (the "Regulatory Agreement") entered into by and between the City and the Seller; and

WHEREAS, the Project is subject also to a contract between the City and the Seller entered into pursuant to G. L. Ch. 121A, Sec. 6A (the "6A Contract"); and

WHEREAS, the Seller is willing to transfer the Project to the Buyer, and thereafter the Buyer is willing to sell the Project to the Partnership, in each case subject to the Regulatory Agreement and the 6A Contract as presently in force and effect; and

WHEREAS, the Buyer and the Partnership respectively are willing to accept title to the Project subject to the Regulatory Agreement and the 6A Contract;

Now THEREFORE, in partial consideration of the transfer of the Project from the Seller to the Buyer, and thereafter the sale of the Project by the Buyer to the Partnership, the parties hereto agree as follows:

1. In connection with the transfer of the Project by the Seller to the Buyer, the Seller hereby assigns to the Buyer all of its rights in and obligations under the Regulatory Agreement and the 6A Contract, such assignment to take effect upon acquisition of title to the Project by the Buyer from the Seller; and
2. The Buyer hereby accepts such assignment and agrees to assume all of the obligations of the Seller under the

Regulatory Agreement and 6A Contract to the extent such obligations arise from and after the date title to the Project is transferred to the Buyer. All obligations under the Regulatory Agreement and 6A Contract existing prior to the date of transfer of title to the Buyer by the Seller shall remain obligations of the Seller; and

3. In connection with the sale of the Project to the Partnership by the Buyer, the Buyer hereby assigns to the Partnership all of its rights and obligations under the Regulatory Agreement and 6A Contract, such assignment to take effect upon acquisition of title to the Project by the Partnership from the Buyer; and
4. The Partnership hereby accepts such assignment and agrees to assume all of the obligations of the Buyer under the Regulatory Agreement and 6A Contract to the extent such obligations arise from and after the date title to the Project is transferred to the Partnership.
5. No general or limited partner of the Seller or of the Partnership shall have any personal liability under the Regulatory Agreement, the 6A Contract or hereunder beyond its interest in the Project itself.
6. The foregoing assignments and assumptions are made notwithstanding any provisions of the Regulatory Agreement or of the 6A Contract, which by their terms restrict or prohibit any of the foregoing, which provisions the City of Boston, by its respective assent hereto, agrees are modified only insofar as the same is necessary to permit the foregoing Regulatory Agreement and 6A Contract to be assigned and the obligations thereunder to be assumed as herein above provided.

EXECUTED as a sealed instrument this _____ day
of _____, 1985.

The Seller:

TDC & Associates

By: Tenants Development
Corporation, its general
partner

By:

Deborah Campbell

The Buyer:

Tenants Development Corporation

By: Deborah Campbell

The Partnership:

SETH II Limited Partnership

By: Deborah Campbell
its general partner

By: PRESIDENT

Assented to by:

The City of Boston
and the
Boston Redevelopment
Authority

City of Boston

By: Raymond L. Flynn, Mayor

Boston Redevelopment Authority

By: _____

TDC & ASSOCIATES
(A Limited Partnership)

FINANCIAL STATEMENTS

December 31, 1984 and 1983

ALFRED W. SIEGRIST

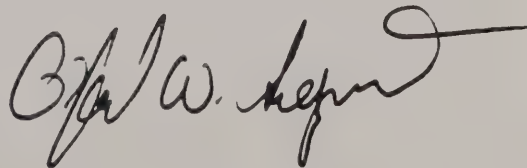
CERTIFIED PUBLIC ACCOUNTANT, P.C.
20 WALNUT STREET
WELLESLEY HILLS, MASSACHUSETTS 02181
(617) 237-4620

To the Partners of TDC & Associates
(A Limited Partnership)

I have examined the balance sheets of TDC & Associates (A Limited Partnership) as of December 31, 1984 and 1983 and the related statements of operations, changes in partners' equity and changes in cash for the years then ended. My examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the financial statements referred to above present fairly the financial position of TDC & Associates (A Limited Partnership) at December 31, 1984 and 1983 and the results of its operations and changes in cash for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

February 15, 1985



TDC & ASSOCIATES
(A Limited Partnership)

BALANCE SHEETS

ASSETS

	December 31,	
	<u>1984</u>	<u>1983</u>
Land	\$ 32,550	\$ 32,550
Buildings net of accumulated depreciation of \$2,276,836 and \$2,051,176 and respectively (Notes 2, 3, 4 and 5)	2,250,203	2,475,852
Cash	23,836	20,810
Rents receivable, net of allowances for uncollectable accounts of \$2,260	5,054	1,665
Prepaid expenses	45,224	35,119
Tenants' security deposits - funded	26,441	24,919
Escrow deposits (Note 7)	210,854	210,475
Deferred finance fee, net of accumulated amortization of \$4,079 and \$3,604 respectively	14,744	15,219
Organization expenses, net of accumulated amortization of \$2,935 and \$2,607 respectively	<u>10,217</u>	<u>10,555</u>
	<u>\$2,619,123</u>	<u>\$2,827,164</u>

The accompanying notes are an integral
part of the financial statements.

TDC & ASSOCIATES
(A Limited Partnership)

BALANCE SHEETS

LIABILITIES AND PARTNERS' EQUITY

	December 31, <u>1984</u>	<u>1983</u>
Liabilities:		
Mortgage note payable (Note 4)	\$3,716,548	\$3,740,102
Accounts payable	96,541	89,958
Accrued expenses	256,743	251,455
Tenants' security deposits held in escrow	26,441	24,919
Advances from general partner (Note 6)	163,755	149,505
Deferred rental income	<u>4,035</u>	<u>1,786</u>
Total liabilities	4,264,063	4,257,725
Partners' equity (Note 1)	(1,644,940)	(1,430,561)
	<u>\$2,619,123</u>	<u>\$2,827,164</u>

The accompanying notes are an integral
part of the financial statements.

TDC & ASSOCIATES
(A Limited Partnership)

STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	<u>1984</u>	<u>1983</u>
Income:		
Rents	\$ 889,251	\$ 844,852
Other	<u>14,009</u>	<u>8,633</u>
	<u>903,260</u>	<u>853,485</u>
Expenses:		
Administrative	127,398	131,581
Operating	354,309	330,102
Maintenance	97,134	79,792
Depreciation	225,660	225,660
Taxes and insurance	215,295	197,684
Financial	<u>97,843</u>	<u>99,757</u>
	<u>1,117,639</u>	<u>1,064,576</u>
Net loss	<u>\$ (214,379)</u>	<u>\$ (211,091)</u>

The accompanying notes are an integral
part of the financial statements.

TDC & ASSOCIATES
(A Limited Partnership)

STATEMENTS OF CHANGES IN PARTNERS' EQUITY

For the Years Ended December 31, 1984 and 1983

	<u>Tenants Development Corporation</u>	<u>Urban Improvement Fund, Ltd. 1974</u>	<u>Total</u>
Balances, January 1, 1983	\$ (21,162)	\$ (1,198,308)	\$ (1,219,470)
Distribution of 1983 net loss	<u>(2,322)</u>	<u>(208,769)</u>	<u>(211,091)</u>
Balances, December 31, 1983	(23,484)	(1,407,077)	(1,430,561)
Distribution of 1984 net loss	<u>(2,358)</u>	<u>(212,021)</u>	<u>(214,379)</u>
Balances, December 31, 1984	<u>\$ (25,842)</u>	<u>\$ (1,619,098)</u>	<u>\$ (1,644,940)</u>

The accompanying notes are an integral
part of the financial statements.

TDC & ASSOCIATES
(A Limited Partnership)

STATEMENTS OF CHANGES IN CASH

	For the Years Ended December 31,	
	<u>1984</u>	<u>1983</u>
Cash at beginning of year	\$ <u>20,810</u>	\$ <u>31,683</u>
Cash was provided by:		
Net loss for period	(214,379)	(211,091)
Less charges for depreciation and amortization which did not require cash	<u>226,463</u>	<u>226,463</u>
	12,084	15,372
Decrease in rents receivable		38,528
Decrease in prepaid expenses		1,744
Decrease in tenants' security deposits- funded		2,483
Increase in accounts payable	6,627	
Increase in accrued expenses	5,288	24,404
Increase in tenants' security deposits- held in escrow	1,522	
Increase in advances from general partner	14,205	
Increase in deferred rental income	<u>2,249</u>	<u>1,786</u>
	<u>41,975</u>	<u>84,317</u>
	<u>62,785</u>	<u>116,000</u>
Cash was used for:		
Increase in rents receivable	3,389	
Increase in tenants' security deposits - funded	1,522	
Increase in prepaid expenses	10,105	
Increase in escrow deposits	379	41,114
Decrease in mortgage note payable	23,554	21,642
Decrease in accounts payable		29,951
Decrease in tenants' security deposits held in escrow		2,483
	<u>38,949</u>	<u>95,190</u>
Cash balance at end of year	\$ <u><u>23,836</u></u>	\$ <u><u>20,810</u></u>

The accompanying notes are an integral
part of the financial statements.

TDC & ASSOCIATES
(A Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Formation and Other Matters

TDC & Associates, A Limited Partnership, was organized in 1974 in Massachusetts for the purpose of rehabilitating and operating 184 units of low income family housing. Financing for the partnership's real estate has been provided through limited partner capital contributions and mortgage note proceeds. In 1975, all of the buildings were completed and substantially rented.

Pursuant to the partnership agreement, the general partners, Tenants' Development Corporation and Wingate Development Corp., contributed all of their rights, title and interest in the project and were entitled to an aggregate of 1.1% of the net income and losses from the partnership's operations. In 1975, Wingate Development Corp. assigned its general partner's interest to Tenants' Development Corporation.

Note 2 - Significant Accounting Policies

The significant accounting policies followed in the preparation of the accompanying financial statements are as follows:

Method of Accounting

The partnership maintains its books on a tax basis (as described in Note 5). Certain adjustments not recorded on the books have been made to present the accompanying financial statements in accordance with generally accepted accounting principles.

For financial statement purposes, all project related costs incurred during construction such as interest, property taxes and certain other costs have been capitalized (Note 3). For tax purposes, certain of these costs (\$564,498 in total) were expensed.

Depreciation for statement purposes is computed on the buildings and related costs on a straight-line basis over their estimated useful lives.

Amortization for statement purposes is computed on a straight-line basis over the life of the mortgage (Note 4) for deferred finance fees, and over the maximum life of the partnership (commencing on March 1, 1975 when construction was completed) for organization expenses. The partnership agreement requires that the partnership must be terminated by December, 2016.

TDC & ASSOCIATES
(A Limited Partnership)

NOTES TO FINANCIAL STATEMENTS, Continued

Note 2 - Significant Accounting Policies, Continued

Taxes on Income

No provision for taxes on income is made in the partnership financial statements since, as a partnership, all taxable income and losses are allocated to the partners for inclusion in their respective tax returns.

Note 3 - Buildings

Buildings include construction and related costs at December 31, 1984 and 1983 as follows:

Buildings, at cost	\$ 27,659
Payments for general partners	477,048
Payments to construction contractor	3,253,248
Architect fees	157,933
Inspection fees and insurance	<u>46,642</u>
Cost - tax basis	3,962,530
Real estate taxes, financing fees and interest	356,014
Payment to general partners	<u>208,495</u>
	<u><u>\$4,527,039</u></u>

Note 4 - Mortgage Note Payable

The partnership is indebted on a mortgage note payable which is secured by all of the partnership's real property and has been endorsed for insurance by the Federal Housing Commissioner under Section 236 of the National Housing Act. The note bears interest at a rate of 8 1/2% per annum and was originally to be repaid over 40 years commencing on January 1, 1976. During 1976 and 1980, the mortgagee approved deferments of principal payments. Currently, the equal monthly installments of principal and interest totaled \$28,380 of which the partnership is obligated to pay monthly principal and interest in the amount of \$8,508 and the Federal Housing Administration is obligated to pay the balance (\$19,872) directly.

Note 5 - Tax Basis

For income tax purposes, the partnership utilized the accrual method of accounting and deducts, as incurred, interest, real estate taxes and certain other costs related to buildings under construction which have been capitalized for financial reporting purposes (Note 3). The tax basis of the buildings

TDC & ASSOCIATES
(A Limited Partnership)

NOTES TO FINANCIAL STATEMENTS, Continued

Note 5 - Tax Basis, Continued

is being depreciated on an accelerated basis under provisions of Section 167K of the Internal Revenue Code.

The difference between net losses and deficit for tax purposes and those of the financial statements are as follows:

	Deficit at <u>December 31, 1983</u>	Net Loss For the Year Ended <u>December 31, 1983</u>
Balances per accompanying statements	\$(1,430,561)	\$(211,091)
Interest, property taxes and certain other costs expensed for tax purposes (Note 2)	(564,498)	
Excess of statement over (under) tax depreciation and amortization	(1,430,661)	173,347
Legal fees expenses	<u>1,500</u>	<u> </u>
Balances per tax return	<u><u>\$(3,424,220)</u></u>	<u><u>\$(37,744)</u></u>
	<u>December 31, 1984</u>	
Balances per accompanying statements	\$(1,644,940)	\$(214,379)
Interest, property taxes and certain other costs expensed for tax purposes (Note 2)	(564,498)	
Excess of statement over (under) tax depreciation and amortization	(1,252,157)	178,504
Legal fees expenses	1,500	
Timing difference	<u>7,668</u>	<u>7,668</u>
Balances per tax return	<u><u>\$(3,452,427)</u></u>	<u><u>\$(28,207)</u></u>

Note 6 - Transactions with Related Parties

Tenants' Development Corporation, the general partner of TDC & Associates, advanced the partnership the amount of \$149,505 for payment of building costs in excess of originally anticipated amounts. Repayment of this amount will be made out of operational surpluses only after other obligations have been satisfied. The balance of \$14,250 resulted from cash advances made during 1984.

ALFRED W. SIEGRIST
CERTIFIED PUBLIC ACCOUNTANT, P.C.

TDC & ASSOCIATES
(A Limited Partnership)

NOTES TO FINANCIAL STATEMENTS, Continued

Note 6 - Transactions with Related Parties, Continued

The Organization operates under a management agreement with Tenants' Development Corporation. The agreement requires monthly payments equal to six percent of rents received. Management fee expenses, included in administrative expenses, amounted to \$53,517 and \$53,122 for the years ended December 31, 1984 and 1983.

Note 7 - Regulatory Agreement

The complex is operating under the terms of the FHA Regulatory Agreement under Section 236 of the National Housing Act. The agreement establishes the rental rate schedule, generally limits occupancy to residents of low or moderate income, and provides for monthly mortgage interest subsidies equal to the difference between the payments that are required for principal and interest as stipulated by the actual mortgage note (see Note 4) and the amount that would be required for principal and interest at a rate of 1% per annum over the life of the mortgage.

Under the terms of the Regulatory Agreement, the partnership cannot make distributions to its partners in excess of 6% of the initial equity investment in this project, as defined, and all distributions must be approved by the FHA. The partnership must deposit all cash in excess of this 6% distribution into a residual receipts fund. This fund is under the control of the mortgagee and disbursements must be approved by the FHA.

In accordance with the Regulatory Agreement, the partnership must deposit a minimum of \$2,134 per month into a replacement reserve fund which is under the control of the mortgagee. Expenditures from the fund must be approved by FHA.

Note 8 - Compensation to Partners

No compensation was made to the partners for the years ended December 31, 1984 and 1983.

